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THE

Cotton

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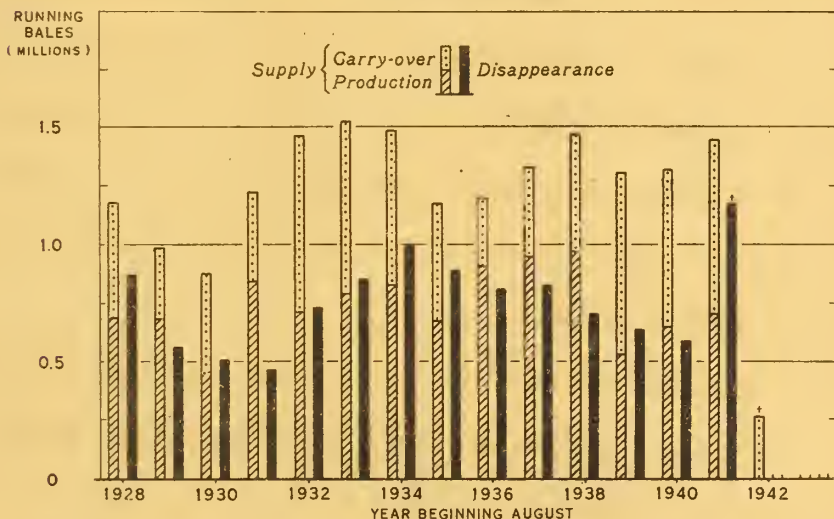
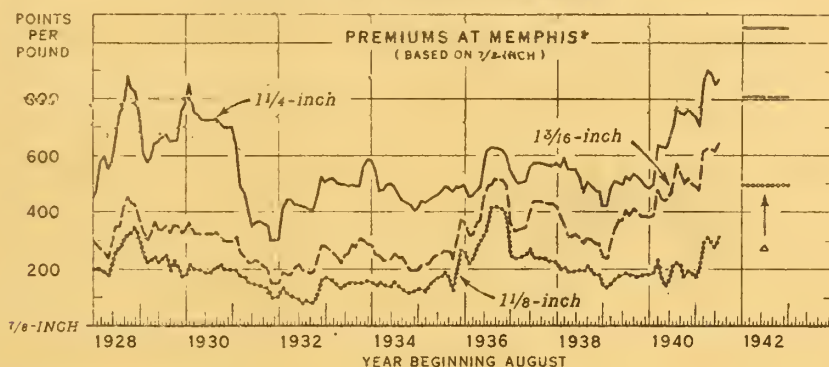
BUREAU OF AGRICULTURAL ECONOMICS
 UNITED STATES DEPARTMENT OF AGRICULTURE

CS-65

BAE

MARCH 1942

COTTON: PREMIUMS, SUPPLY, AND DISAPPEARANCE,
 1 1/8-INCH AND LONGER, 1928-42



* APPLICABLE TO MIDDLING

△ ANNOUNCED RATES FOR 1942 C. C. C. LOANS

† PRELIMINARY INDICATION

U. S. DEPARTMENT OF AGRICULTURE

NEG. 25189 BUREAU OF AGRICULTURAL ECONOMICS

BECAUSE THIS SEASON'S DOMESTIC DISAPPEARANCE OF LONG STAPLE COTTON IS EXPECTED (ON THE BASIS OF PRELIMINARY INDICATIONS) TO BE EXCEPTIONALLY LARGE THE CARRYOVER OF LONG STAPLE COTTON ON AUGUST 1, 1942 PROBABLY WILL BE THE SMALLEST IN MANY YEARS. THIS, TOGETHER WITH PROSPECTS FOR CONTINUED LARGE REQUIREMENTS NEXT SEASON, IS THE REASON WHY EFFORTS ARE BEING MADE TO BRING ABOUT A MARKED INCREASE IN THE 1942 PRODUCTION OF THE LONGER STAPLES. HIGH PREMIUMS HAVE BEEN ANNOUNCED FOR THESE STAPLES UNDER THE 1942 COMMODITY CREDIT CORPORATION LOAN PROGRAM. THESE PREMIUMS SHOULD ASSURE FARMERS RELATIVELY GOOD RETURNS FROM THEIR 1942 SALES OF THESE LENGTHS.

THE COTTON SITUATION
Spring Outlook Issue

Summary

Domestic cotton consumption, which reached a new high daily rate in February, is expected to advance to still higher levels in the months immediately ahead. It is expected that the annual rate for the remainder of the season will average close to 12 million bales and result in consumption for the season of almost 11-1/2 million bales.

As more men go into the armed services or into plants producing military equipment, the labor problem in the textile industry may become more serious. This and possibly increased difficulties in obtaining repair and replacement equipment may make it increasingly difficult for mills to expand their output or to maintain for long an annual rate materially in excess of 12 million bales. Despite difficulties which may arise, however, it seems probable that next fall when farmers are marketing their 1942 crop domestic consumption and domestic demand for cotton will be equal to or greater than at present.

On the basis of present expectations as to disappearance (domestic consumption plus exports) the United States carry-over of cotton on August will be close to 10 million bales as compared with slightly more than 12 million bales on August 1, 1941. Even so, the expected carry-over will be materially larger than average. A large proportion of the carry-over will be of the lower grades and shorter staples; it is estimated that about three fifths of the carry-over will be of staples under 1 inch in length and not more than 3 percent of staples 1-1/8 inches and longer.

In view of a prospective marked decline in the carry-over of long staple cotton and expected continued heavy demand, farmers are being

encouraged to expand their production of such cotton this year. The 1942 loan program provides high premiums for long staple cotton, and all producers are being encouraged to plant their full acreage allotment this year. The total national allotment for 1942 is about 27.4 million acres, or nearly 4-1/4 million acres more than was planted in 1941.

Producers of American-Egyptian cotton are being asked to more than double their unusually large 1941 acreage, and are assured exceptionally high prices for their 1942 crop. So, also, are the producers of Sea Island cotton. Under recently revised price schedules, the Commodity Credit Corporation is offering to purchase the 1942-crop cotton of these two types with a staple length of 1-1/2 inches at prices ranging from 35 to 42 cents per pound.

-- March 31, 1942

REVIEW OF RECENT DEVELOPMENTS

Prices

Domestic Prices Relatively Stable at 13-Year High

For the 5 weeks ended March 23 the basic price of cotton (Middling 15/16-inch) in the 10 markets has fluctuated within a range of only 1/4 cent, but from March 24 to 30 advanced 9/10 cent and on the latter date averaged 20.37 cents. The latter price was the highest in 13 years, and 9-1/4 cents above a year earlier. The gain over 1938-39, the last year prior to the outbreak of World War II, was 11-2/5 cents (127 percent) compared with a gain of over 4 cents (31 percent) in the corresponding period during World War I.

The gain in cotton prices over a year ago - which, as indicated above, represents most of the gain since the outbreak of the war - is probably largely accounted for by three factors: (1) The inflationary elements in the general price structure, (2) the extremely heavy demand for cotton textiles resulting from large military and civilian textile requirements together with reduced imports of raw and manufactured fibers, and (3) the movement of over 2 million bales (recently reduced through repayments to 1-3/4 million) of the 1941 domestic crop into the Government loan. From the standpoint of the total domestic supply of cotton for the marketing season, there is little difference between this season and last. There is, however, a marked difference in the quantity of cotton being consumed, in the need for cotton textiles, and in the prices that distributors and

consumers are willing to pay. Although domestic mills consumed 20 percent more cotton from August through February than in the corresponding period last season (13 percent more in February) a considerably smaller proportion of cotton is going into civilian goods. At the same time the greatly increased wage income of industrial workers, the reduced supplies for civilian use of automobiles and other nontextile consumer goods, and restricted supplies of other textiles, have greatly increased the civilian demand for cotton goods.

Premiums and Discounts Widest for Several
Years; Prices of Egyptian Cotton High

As indicated in fig. 2 and the chart on the cover page, the premium for the longer staples of Middling cotton are the highest for several years. The same is true for most other grades in the longer staple lengths. Discounts for the lower grades and shorter staples are also larger than for many years.

These wide premiums and discounts are the result in part of the unusually heavy demand of domestic mills for the better qualities of cotton for producing military goods and for the continued production of important quantities of civilian goods requiring better qualities of cotton. It is also attributable in part to the high level of cotton prices, in part to the small proportion of high grades in the 1941 crop, and to the better-than-average quality of the cotton exported.

As of March 20, American-Egyptian cotton (SxP) No. 2 was quoted at 43.05 cents per pound delivered at New England mill points. This represents comparatively little change since mid-January but the price is 14-1/2 cents higher than in early December. It is the highest since the summer of 1929. The domestic price of Sea Island cotton has also advanced materially since early December.

The higher prices of these extra-long staple cottons reflect the difficulty of importing extra-long staple cotton and the comparatively large quantity of this cotton needed for the production of military and other "defense" goods.

Domestic Consumption, Cloth Price Ceilings
and Mill Margins

Domestic Consumption Still Advancing;
February 31 Percent Above Pre-War High

Domestic consumption of approximately 894,000 bales in February was at a daily rate somewhat above the previous record high of January. The February daily rate of 45,440 bales was 11,000 bales (31 percent) above the highest daily rate (in December 1936) established prior to the outbreak of World War II. As indicated, the high rate of domestic cotton consumption is the result not only of heavy military and civilian requirements for textiles but also of limited supplies of goods produced from other fibers. Largely because of reduced imports there are Government limitations on the use of such import fibers as jute, abaca, sisal, henequen, wool and silk.

Large Requirements for Essential Uses
are Restricting the Cotton Goods
Available for Civilians

Government orders and other uses with high priority ratings are taking a large proportion of the current output of domestic cotton mills. A recent report of the New York Cotton Exchange indicates that about 65 percent of the total current production is "being absorbed in military and defense uses." It is further indicated that this is "resulting in a sharp reduction, estimated at 25 percent or more, in the supply of cotton goods for the civilian trade." The reduced supplies of cotton textiles available for such purposes, together with the strong demand for these goods, resulted in the Office of Price Administration establishing temporary price ceilings for finished piece goods effective March 13. The maximum prices permissible under these ceilings are the highest net price for each class of finished goods during the period March 7 to March 11. In the event a market price cannot be determined, the highest quoted net price of the seller is to represent the ceiling. Such prices, however, must be in line with those of the most nearly comparable fabric.

Sales of cotton goods at retail are exempt, as are sales of such finished products as oilcloth, belting, artificial leather, or other pyroxylin coated fabrics. Upholstery fabrics and bed linens also are exempt, ceilings on these having already been established.

Prices of Most Gray Goods at Ceiling;
Mill Margin Little Changed Since November

Since November the wholesale prices of most gray goods have been at or very near the ceiling level. This, together with the fact that the ceilings on unfinished cotton cloth vary only with changes in cotton prices, has resulted in little change in the average mill margin for the 17 constructions of unfinished cotton cloth. From November through February the monthly average mill margin for these constructions has ranged from 20.30 to 20.34 cents. These margins were 4-1/3 to 6-1/10 cents larger than in the corresponding months a year earlier. The margins are considerably larger than in any month for which comparable figures are available (estimates extending back to August 1925) prior to May 1941. In May and June last year the margins were 20.85 and 21.84 cents, respectively.

Foreign Demand and Consumption

As has been frequently indicated, cotton consumption in the Axis-controlled areas is undoubtedly exceptionally low. This is, of course, because of the loss of imports and the limitation of the use of the available stocks to the more important uses.

In India, Canada, Brazil, and a few other countries, cotton consumption is now at record or near-record levels. The high rate of consumption in these countries, however, is offset by the reduced consumption in other foreign countries. Consequently, total consumption outside the United States is probably running at the lowest level for many years. This and a foreign crop not greatly below that of the past year or two suggests that stocks of cotton in foreign countries as a whole are considerably larger than a year ago.

Stocks, Production, and SuppliesMill Stocks Up Nearly 700,000 Bales;Public Storage Stocks Down 1,830,000 Bales

At the end of February, stocks in consuming establishments in the United States totaled 2,580,000 running bales. This represented a marked increase over the 1,907,000 bales held by mills at the end of February last year. The total was considerably larger than for any corresponding period since records became available in 1913. But in view of the record-high rate of consumption, current mill stocks are somewhat smaller relative to requirements than in several years past.

The 12,200,000 bales of cotton in public storage and at compresses as of February 28 represented a decrease of 1-4/5 million bales below such stocks as of a year earlier. With the exceptions of 1941 and 1939, current public storage stocks were the largest on record for the end of February and much larger than average. The same is true of the combined stocks in public storage and in consuming establishments.

Sales and Repayments Materially ReduceGovernment Stocks in February and March.

The Commodity Credit Corporation recently reported the sale this month of about 211,000 bales of cotton under its General Sales Program.

This, plus the sale of about 275,000 bales in February and 200,000 bales in January, raised the total for the 3 months to almost 700,000 bales. In addition, the Corporation sold over 135,000 bales of cotton under its Export and New Uses Programs during this 3-month period. Since all this cotton has not yet been delivered, it has not been fully reflected in the reported stocks of Government-owned cotton. It does, however, represent an important increase in the supply of cotton available to domestic merchants and manufacturers. In addition to these sales about 391,000 bales of 1941 cotton were withdrawn from Government loans between February 1 and March 21.

Farmers Asked to Plant Their FullAcreage Allotments in 1942

Secretary Wickard, on March 4, asked the nation's cotton farmers to plant their full national acreage allotment of about 27,400,000 acres this year. He recommended that as much as possible of this allotment be planted to medium and long staple varieties in order to assure adequate supplies of the cotton needed for military use. Such an acreage represents a substantial increase above the 23,250,000 acres planted in 1941 under a total national acreage allotment the same as that of 1942.

If the average 1942 cotton yield per planted acre should equal the 235 pounds for the 5 years 1936-40, a planted acreage of 27,400,000 would result in a crop of about 13-1/2 million bales; equal to the 10-year average yield of 211 pounds, a crop of about 12,100,000 bales would be produced. In addition to the need for larger quantities of medium and long staple cotton, the need for increased production of cottonseed oil makes it

desirable for farmers to plant their total acreage allotment this year in areas where this will not reduce the acreage planted to other oil crops.

OUTLOOK FOR THE NEXT SEVERAL MONTHS

Higher Domestic Consumption Expected;

11-1/2 Million Bales Likely this Season

Limited mill capacity and the difficulty of finding additional efficient labor may prevent considerable further expansion in domestic cotton consumption. In the case of some of the least efficient mills, the ceiling prices on goods may also discourage further expansion. Without such limiting factors, domestic cotton consumption might increase much beyond the exceptionally high rate now prevailing.

As indicated, the reduced imports of raw and manufactured fibers is an important factor contributing to the present heavy demand for cotton goods. On a pound-for-pound basis about 3-2/5 million bales of cotton would be required to replace the raw and manufactured fibers imported, on the average, during the 5 years prior to 1940. While imports of such products are still continuing, they are only a fraction of the quantity normally brought in.

Several other important factors also help explain not only the record-breaking rate of cotton consumption but the fact that mills would find a ready market for a much larger output if their capacity and labor supplies would permit. Most important of these is the heavy military requirements for cotton goods of various types and weights. Other important factors include: (1) Heavy civilian defense requirements (for blackout cloth, sand bags, and first aid equipment), (2) the expanded need for work clothing resulting from greatly increased employment, (3) greater need for industrial fabrics, bags and bagging resulting from the unusually large production of industrial and agricultural goods, much of which must be transported to remote areas, and (4) the sharply increased purchasing power of domestic consumers resulting from high money income; and the fact that many of the goods for which consumers normally spend a considerable proportion of their income are becoming scarce. In addition, the exceptionally large exports of cotton textiles have been contributing to the strong demand for cotton goods.

Despite the factors limiting the ability and willingness of domestic manufacturers to increase their output of cotton goods, it is expected that cotton consumption will increase considerably further in the months immediately ahead. The annual rate of consumption would be a little over 11-1/2 million bales if the daily rate in February (which was the highest for any month in the history of the industry and somewhat higher than the average for the first half of the season) were continued. It is now expected that the annual rate of consumption for the remainder of the season will average close to 12 million bales and result in consumption for the season ending July 31 reaching close to 11-1/2 million bales.

As more men go into the armed services, or into plants producing military equipment, the difficulty of obtaining adequate labor in the textile industry may become quite acute. This, and possible increased

difficulties in obtaining repair and replacement equipment, may make it increasingly difficult for mills to expand their output or to long maintain an annual rate materially in excess of 12 million bales. Despite any difficulties which may arise, however, there seems little question but that next fall when farmers are marketing their 1942 crop, domestic consumption and domestic demand for cotton will be equal to or greater than at present.

1942 Domestic Carry-Over to Decline,
Especially the Longer Staples

On the basis of present expectations as to disappearance of cotton (domestic consumption plus exports) the United States carry-over on August 1, 1942 will be close to 10 million bales compared to slightly over 12 million bales on August 1, 1941. Despite the decline, the expected carry-over next August 1 will be materially larger than in any year prior to 1938 and much larger than the average for the past 10 years. Unfortunately, a large proportion of the 1942 carry-over will be of the lower grades and shorter staples. It is estimated, for example, that about 60 percent of the total carry-over on August 1 will be of staples under 1 inch in length. Even though the total domestic disappearance will be large, the quantity of cotton 29/32 inch and shorter consumed and exported is expected to be much smaller than usual and the carry-over larger than average (see accompanying chart). Probably not more than 3 percent will be of staples 1-1/8 inches and longer.

1942 Acreage of Long Staple to be Increased

As previously indicated, the Department of Agriculture has taken steps to encourage an expansion in the production of long staple cotton this year, in anticipation of a marked decline in the carry-over of long-staple cotton accompanied by continuation of a heavy demand for such lengths. In order to bring about such an expansion, the United States Department of Agriculture has requested the State and county USDA War Boards to assist and encourage farmers in shifting from varieties producing short and medium staples to varieties producing medium and long staples. These boards are particularly active in helping farmers obtain desirable seed for planting. Several varieties of cotton of relatively high productivity are being recommended that produce staple lengths from 1-1/8 to 1-3/8 inches. The varieties recommended to meet these needs are strains of:

<u>Southeast</u>		<u>Mississippi Valley</u>	
Coker 100	1-1/16 - 1-5/32	Coker 100	1-1/16 - 1-5/32
Wilds	1-1/4 - 1-3/8	Delfos 531	1-1/8 - 1-3/16
		Delfos 6	1-1/8 - 1-3/16
<u>West Texas, New Mexico, and</u>		Delfos 9252	1-3/16
<u>higher elevations in Arizona</u>		Strains of Express	1-1/8 - 1-3/16
Acala 1517	1-1/8 - 1-3/16	Stoneville 2 B	1-1/16 - 1-5/32
		Bobshaw strains	1-1/16 - 1-5/32
		Wilds 1-1.	1-1/4 - 1-3/8

Some very promising new strains in these staple lengths are available in several areas, but sufficient seed is not available for quantity production in 1942.

As a result of the activity of the war boards and the high premiums announced for the better grades and longer staple lengths under the 1942 loan program, it is expected that the production of long staple cotton will increase very materially unless yields should be substantially lower than they were in 1941.

1942 Loan Rates to be Higher;
Premiums and Discounts will be Wide

A Government loan rate at 85 percent of parity is mandatory under present legislation. This, together with the increase in parity which has already occurred since the 1941 loan rates were established and the probability of a further increase, indicates that the 1942 loan rates will be substantially higher than those of last year. The extent of the increase in the loan rate over 1941 will probably depend upon the parity price existing in July this year. In July last year the parity price was 16.49 cents and by February it had advanced to 18.23 cents.

As indicated last month, the Department of Agriculture has already announced the premiums and discounts for Upland cotton under the 1942 Government loan program. The announced premiums for the longer staples are much higher than those that existed under the 1941 loan program and also considerably higher than the unusually high market premiums which have existed in recent weeks. The premiums as announced for the various staple lengths (adjusted to a 7/8-inch base rather than to a 15/16-inch base) are shown in comparison with actual market differentials for the past several years in fig. 2 and on the cover page. The premiums and discounts for grades are also shown in fig. 3.

Purchase Programs Assure High Prices for
American-Egyptian and Sea Island

The producers of American-Egyptian cotton have been asked to increase their 1942 acreage as much as available seed supplies will permit. It is estimated that the available seed will make possible the planting of 300,000 acres this year, compared to 136,000 acres planted in 1941. In order to further encourage producers to plant as many acres of long-staple cotton as possible, the Commodity Credit Corporation has offered to purchase American-Egyptian cotton produced in 1942 at the following prices for cotton with a staple length of 1-1/2 inches:

U. S. Grade No. 1	-	40 cents
No. 1-1/2	-	39 cents
No. 2	-	38 cents
No. 2-1/2	-	37 cents
No. 3	-	35 cents

Appropriate premiums and discounts will be used in establishing prices for other staple lengths.

The Corporation has established the following rates for Government purchase of Sea Island cotton:

Grade	Staple length				
	1-1/2 inch	1-9/16 inch	1-5/8 inch	1-11/16 inch	1-3/4 inch
1	42 cents	43 cents	45 cents	47 cents	49 cents
1-1/2	41 "	42 "	44 "	46 "	48 "
2	40 "	41 "	43 "	45 "	47 "
2-1/2	38 "	39 "	41 "	43 "	45 "

The purchase prices for American-Egyptian and Sea Island cotton apply to cotton stored in approved warehouses. In the case of American-Egyptian, these prices are materially higher than those received by growers for their 1941 crop and the highest for any year since the late 1920's.

Table 1.- Cotton, all kinds: Consumption in the United States
and percentage change, 1935-41

Period	Year beginning August						
				1941 1/			
	Average	1939	1940	Actual	As a percentage of		
	1935-39			Average:	1935-39	1939	1940
	1,000 run-	1,000 run-	1,000 run-	1,000 run-	Percent	Percent	Percent
	ning bales	ning bales	ning bales	ning bales			
Aug.	555.4	630.7	650.9	874.1	157.4	138.6	134.3
Sept.	567.9	624.2	638.2	875.7	154.2	140.3	137.2
Oct.	591.7	686.5	770.8	953.6	161.2	138.9	123.7
Nov.	587.2	718.7	741.2	849.7	144.7	118.2	114.6
Dec.	568.5	650.1	777.5	887.3	156.1	136.5	114.1
Jan.	606.5	731.8	844.8	945.9	156.0	129.3	112.0
Feb.	566.6	661.8	793.4	893.7	157.8	135.0	112.6
Aug.-Feb.	4,043.8	4,703.7	5,216.9	6,280.1	155.3	133.5	120.4
Mar.	623.5	627.2	854.8				
Apr.	575.0	623.1	921.0				
May	574.9	641.6	923.5				
June	564.5	565.4	875.8				
July	556.5	622.7	929.8				
Total	6,938.3	7,783.8	9,721.7				
for year:							

Compiled from reports of the Bureau of the Census.

/ Preliminary.

Table 2.- Cotton, all kinds: Consumption in United States, total, and daily rate, specified periods, August 1940-February 1942

Season and month	Consumption			Number: working days per month	Daily rate		
	Total	Government: mattress programs	Total less Government: mattress programs		Total	Government: mattress programs	Total less Government: mattress programs
Running bales	Running bales	Running bales	Number	Running bales	Running bales	Running bale	
1940-41							
Aug.	650,888	37,000	613,888	22.00	29,586	1,682	27,9
Sept.	638,235	19,000	619,235	20.50	31,133	927	30,2
Oct.	770,832	17,000	753,832	22.75	33,883	747	33,1
Nov.	741,170	28,000	713,170	20.50	36,155	1,366	34,7
Dec.	777,482	50,000	727,482	21.00	37,023	2,381	34,6
Jan.	844,839	16,000	828,839	21.50	39,295	744	38,5
Feb.	793,428	29,000	764,428	20.00	39,671	1,450	38,2
Mar.	854,767	34,000	820,767	21.00	40,703	1,619	39,0
Apr.	920,950	45,000	875,950	22.00	41,861	2,045	39,8
May	923,518	48,000	875,518	21.50	42,954	2,233	40,7
June	875,812	48,000	827,812	21.00	41,705	2,286	39,4
July	929,782	49,000	880,782	22.00	42,263	2,227	40,0
Total	9,721,703	420,000	9,301,703	255.75	38,013	1,642	36,3
1941-42 1/							
Aug.	874,113	28,000	846,113	21.00	41,624	1,333	40,2
Sept.	875,682	12,000	863,682	21.50	40,729	558	40,1
Oct.	953,600	6,000	947,600	22.75	41,916	264	41,6
Nov.	849,733	4,000	845,733	19.50	43,576	205	43,3
Dec.	887,326	1,200	886,126	22.00	40,333	55	40,2
Jan.	945,909	700	945,209	21.50	43,996	33	43,9
Feb.	893,745	4,500	889,245	19.67	45,437	229	45,2

Compiled from records and reports of the Bureau of the Census except number of working days per month which are from reports of the Federal Reserve Board.
1/ Preliminary.

Table 3.- Cotton: Stocks in consuming establishments, public storage and at compresses, total, Government-owned or held and "free" stocks, end of month, February 1930, and monthly, August 1940 to date

Year and month	In consuming establishments	In public storage and at compresses	In consuming establishments, public storage and at compresses		
			Total 1/	Government-owned or financed	"Free" stocks 1/
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
Feb. 1930...	1,306	4,858	6,664	2/ 1,367	5,297
" 1931...	1,550	7,314	8,864	2/ 3,493	5,371
" 1932...	1,634	9,511	11,145	2/ 3,387	7,759
" 1933...	1,449	9,378	10,827	2/ 2,259	8,568
" 1934...	1,657	8,637	10,294	3,913	6,381
" 1935...	1,161	8,355	9,516	5,434	4,082
" 1936...	1,405	7,248	8,653	4,949	3,704
" 1937...	2,061	5,962	8,023	2,890	5,133
" 1938...	1,808	11,475	13,283	6,663	6,620
" 1939...	1,559	14,135	15,694	11,263	4,431
" 1940...	1,700	12,177	13,877	9,711	4,165
" 1941...	1,907	14,045	15,952	11,026	4,926
" 1942 3/	2,580	12,213	14,793		
1940-41					
Aug.	738	9,131	9,870	8,580	1,290
Sept.	784	10,747	11,532	8,701	2,830
Oct.	1,355	13,837	15,192	9,600	5,592
Nov.	1,684	14,726	16,411	10,413	5,997
Dec.	1,837	15,051	16,888	10,882	6,006
Jan.	1,878	14,673	16,551	11,102	5,449
Feb.	1,907	14,045	15,952	11,026	4,926
Mar.	1,913	13,245	15,157	10,411	4,756
Apr.	1,935	12,370	14,305	9,709	4,596
May	1,932	11,400	13,332	9,025	4,307
June	1,920	10,575	12,495	7,288	5,207
July	1,877	9,704	11,581	7,047	4,534
1941-42					
Aug.	1,697	9,297	10,994	6,329	4,665
Sept.	1,637	11,524	13,160	6,325	6,835
Oct.	1,993	13,342	15,335	6,343	8,992
Nov.	2,250	13,964	16,214	6,615	9,599
Dec.	2,394	13,714	16,108	7,233	8,875
Jan.	2,495	12,857	15,353	7,296	8,056
Feb.	2,580	12,213	14,793	7,170	7,623

Compiled from reports of the Bureau of the Census and the Commodity Credit Corporation.

1/ Totals and deductions were made before figures were rounded to thousands.

2/ Probably includes some futures, the exact amount of which is not known.

3/ Preliminary.

Table 4.-- Cotton: Loans made by the Commodity Credit Corporation, by weeks, 1940-41 and 1941-42

1940-41						1941-42					
Week ended	Entering loan		Withdrawals		Remain- ing in loan, net total	Week ended	Entering loan		With- draw- als, cumu- lative total	Pema- ing loan net total	
	During week 1/ total	Cumu- lative total	During week 1/ total	Cumu- lative total			During week 1/ total	Cumu- lative total			
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales		1,000 bales	1,000 bales	1,000 bales	1,000 bales	
Sept. 30 2/:	---	159	0	0	159	Oct. 1 2/:	---	90	0		
Oct. 7 :	173	332	0	0	332	11 3/:					
14 :	219	551	0	0	551	18 :	---	232	---		
21 :	290	841	0	0	841	25 :	86	318	---		
28 :	285	1,127	1	1	1,126	Nov. 1 :	107	426	---		
Nov. 4 :	297	1,423	4/	1	1,423	8 :	128	554	---		
12 5/:	227	1,650	4/	1	1,649	15 :	111	665	---		
18 :	271	1,922	0	1	1,921	22 :	335	1,000	---	1,000	
25 :	152	2,074	3	3	2,070	29 :	184	1,184	---	1,184	
Dec. 2 :	166	2,240	0	3	2,237	Dec. 6 :	168	1,352	---	1,352	
9 :	145	2,384	4/	4	2,381	13 :	143	1,495	---	1,495	
16 :	119	2,503	0	4	2,499	20 :	131	1,626	---	1,626	
23 :	101	2,604	4/	4	2,600	27 :	105	1,731	---	1,731	
30 :	63	2,666	3	7	2,659	Jan. 3 :	79	1,809	---	1,809	
Jan. 6 :	49	2,715	5	12	2,703	10 :	71	1,880	6/ 16	1,880	
13 7/:	---	---	---	---		17 :	62	1,942	29	1,942	
20 8/:	136	2,851	0	12	2,839	24 :	38	1,980	43	1,980	
27 :	52	2,903	16	28	2,874	31 :	40	2,019	80	2,019	
Feb. 3 :	39	2,942	28	56	2,886	Feb. 7 :	36	2,055	123	2,055	
10 :	39	2,981	50	106	2,875	14 :	25	2,080	179	2,080	
17 :	24	3,005	78	184	2,821	21 :	23	2,103	246	2,103	
24 :	55	3,060	63	247	2,813	28 :	19	2,122	294	2,122	
Mar. 3 :	44	3,105	58	304	2,800	Mar. 7 :	16	2,138	359	2,138	
10 :	13	3,118	72	377	2,741	14 :	10	2,148	402	2,148	
17 :	10	3,127	73	449	2,678	21 :	13	2,161	471	2,161	
24 :	12	3,139	242	691	2,448						

Compiled from reports of the Commodity Credit Corporation.

1/ Calculations for weekly data were made before figures were rounded to thousands

2/ Number of bales entering loan from beginning of season.

3/ No release was issued showing loans for week ended October 11.

4/ Less than 500 bales.

5/ November 11 was a holiday.

6/ Total withdrawals to January 10, 1942. Prior to this week data on the quantity withdrawn were not published.

7/ No report was released for week ended January 13 as offices were being moved to New Orleans.

8/ Data for 2 weeks.

Table 5.- Cotton prices, mill margins and specified index numbers,
United States, annual 1929-40, monthly January 1941 to date

Season	Price of cotton per pound:				Index numbers			
	Re-	Parity	Middling:	Mill	Cotton	Industrial:	Whole-	Prices
ginning	ceived		15/16"	margin	consump-	produc-	sale	paid,
August	by	1/	cotton -	3/	tion	tion	prices	interest
	farmers:		average:		(1935-39=	(1935-39=	(1910-14=	and
	15th of		for 10		100)	100)	100)	taxes
	month		markets:		4/	4/	5/	(1910-14=
			2/					100)
	Cents	Cents	Cents	Cents				
29	16.79	20.30	15.23	13.19	91	101	134	163
30	9.46	18.35	9.99	12.17	78	81	114	148
31	5.66	15.84	6.09	9.43	73	63	99	128
32	6.52	14.29	7.29	10.07	92	62	92	115
33	10.17	15.52	11.00	13.95	85	76	106	125
34	12.36	16.23	12.63	11.83	80	79	114	131
35	11.09	15.76	11.83	12.63	94	96	117	127
36	12.33	16.63	13.25	16.59	120	116	124	134
37	8.41	16.25	9.09	12.15	86	92	119	131
38	8.60	15.66	9.00	10.44	103	99	112	126
39	9.09	15.81	10.09	12.68	116	117	114	128
40	9.89	16.00	11.00	16.35	146	142	119	129
40-41								
Jan.	9.45	15.37	10.10	14.94	144	140	118	128
Feb.	9.44	15.37	10.13	16.00	152	144	118	128
Mar.	9.72	16.00	10.58	18.17	156	147	119	129
Apr.	10.45	16.00	11.09	19.81	160	144	121	129
May	11.68	16.12	12.44	20.85	164	154	124	130
June	12.81	16.37	13.79	21.84	160	159	127	132
July	14.32	16.49	15.53	19.06	162	159	130	133
41-42 6/								
Aug.	15.33	16.86	16.14	20.53	160	160	132	136
Sept.	17.53	17.11	17.10	20.01	156	161	134	138
Oct.	16.55	17.48	15.49	20.45	161	163	135	141
Nov.	15.78	17.73	15.38	20.34	167	166	135	143
Dec.	16.23	17.36	17.26	20.30	155	167	137	143
Jan.	16.93	18.10	18.99	20.32	169	171	140	146
Feb.	17.30	18.23	19.23	20.32	174	173	141	147

Average United States farm price for the 5 years Aug. 1909-July 1914 of 12.4
 cents times the index of prices paid by farmers, interest, and taxes (1910-14=100).
 Prices for 1929 are the premiums of 15/16" cotton at six markets (Dallas,
 Alveston, Houston, Little Rock, Memphis, and New Orleans) added to the price of
 3/8" cotton in the 10 designated markets. Prices for 1930-38 are computed by adding
 the monthly average premium for Middling 15/16" to the average price of Middling
 3/8" in the 10 markets. Prior to July 1937 premiums for 15/16" cotton in Norfolk,
 Augusta, Savannah, and Montgomery were estimated. Since 1939 prices are as quoted
 for Middling 15/16" cotton in the 10 designated markets. On Aug. 6, 1941 Charleston
 was substituted for Norfolk.
 / Mill margins on unfinished cloth (17 constructions).
 / Federal Reserve Board, adjusted for seasonal variation.
 / Bureau of Labor Statistics 1926 = 100, converted to 1910-14 = 100.
 / Preliminary.

Table 6.- Cotton: Production, carry-over, supply, and disappearance of cotton 29/32 inch and shorter, 1928-42

Year beginning Aug. 1	Carry-over	Production	Supply	Disappearance
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1928	572.8	7,986.9	8,559.7	7,753.8
1929	805.9	8,455.2	9,261.1	7,368.7
1930	1,892.4	7,156.9	9,049.3	5,970.4
1931	3,078.9	7,612.8	10,691.7	7,000.8
1932	3,690.9	5,624.2	9,315.1	6,623.1
1933	2,692.0	5,043.5	7,735.5	4,968.0
1934	2,767.5	4,273.9	7,041.4	3,739.0
1935	3,302.4	4,555.2	7,857.6	5,007.4
1936	2,850.2	4,294.7	7,144.9	4,938.3
1937	2,206.6	7,069.6	9,276.2	4,208.0
1938	5,068.2	2,516.1	7,584.3	2,856.7
1939	4,727.6	3,025.3	7,752.9	4,145.3
1940	3,607.6	1,925.0	5,532.7	1,972.9
1941	3,559.8	1,649.3	5,209.1	<u>1/</u> 1,711.1
1942	<u>1/</u> 3,498.0			

Compiled from reports of Agricultural Marketing Administration.

1/ Preliminary indication.

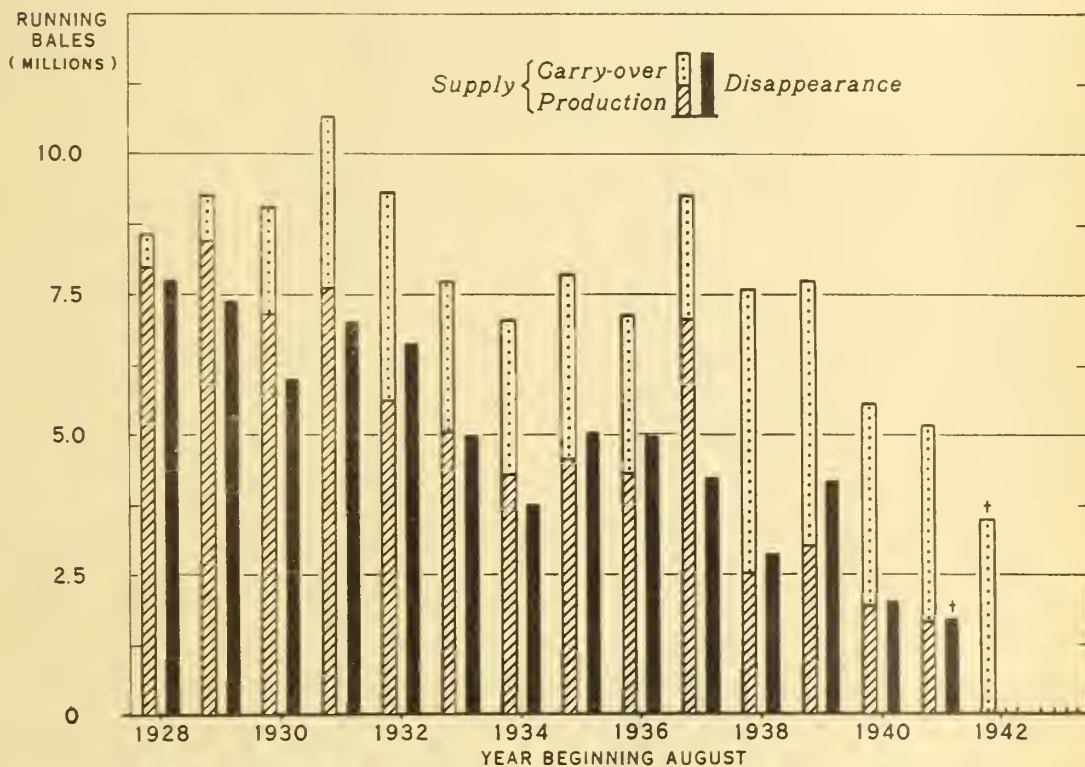
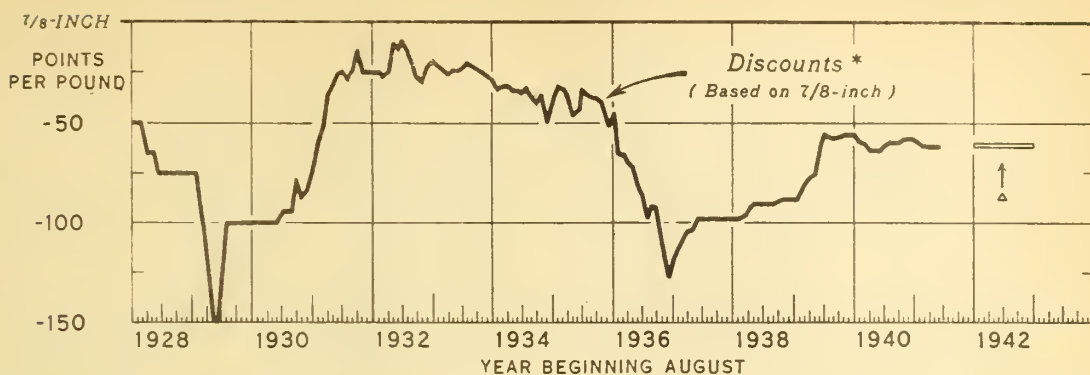
Table 7.- Cotton: Production, carry-over, supply, and disappearance of cotton 1-1/8 inches and over, 1928-42

Year beginning Aug. 1	Carry-over	Production	Supply	Disappearance
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1928	491.9	685.6	1,177.5	874.6
1929	302.9	683.4	986.3	562.8
1930	423.5	456.9	880.4	505.5
1931	374.9	845.6	1,220.5	467.2
1932	753.3	712.3	1,465.6	733.5
1933	732.1	790.2	1,522.3	857.6
1934	664.7	823.0	1,487.7	990.0
1935	497.7	670.7	1,168.4	888.2
1936	280.2	908.4	1,188.6	812.2
1937	376.4	947.9	1,324.3	822.3
1938	502.0	969.6	1,471.6	702.1
1939	769.5	534.1	1,303.6	635.0
1940	668.6	646.4	1,315.0	585.2
1941	729.8	703.8	1,433.6	<u>1/</u> 1,173.6
1942	<u>1/</u> 260.0			

Compiled from reports of Agricultural Marketing Administration.

1/ Preliminary indication.

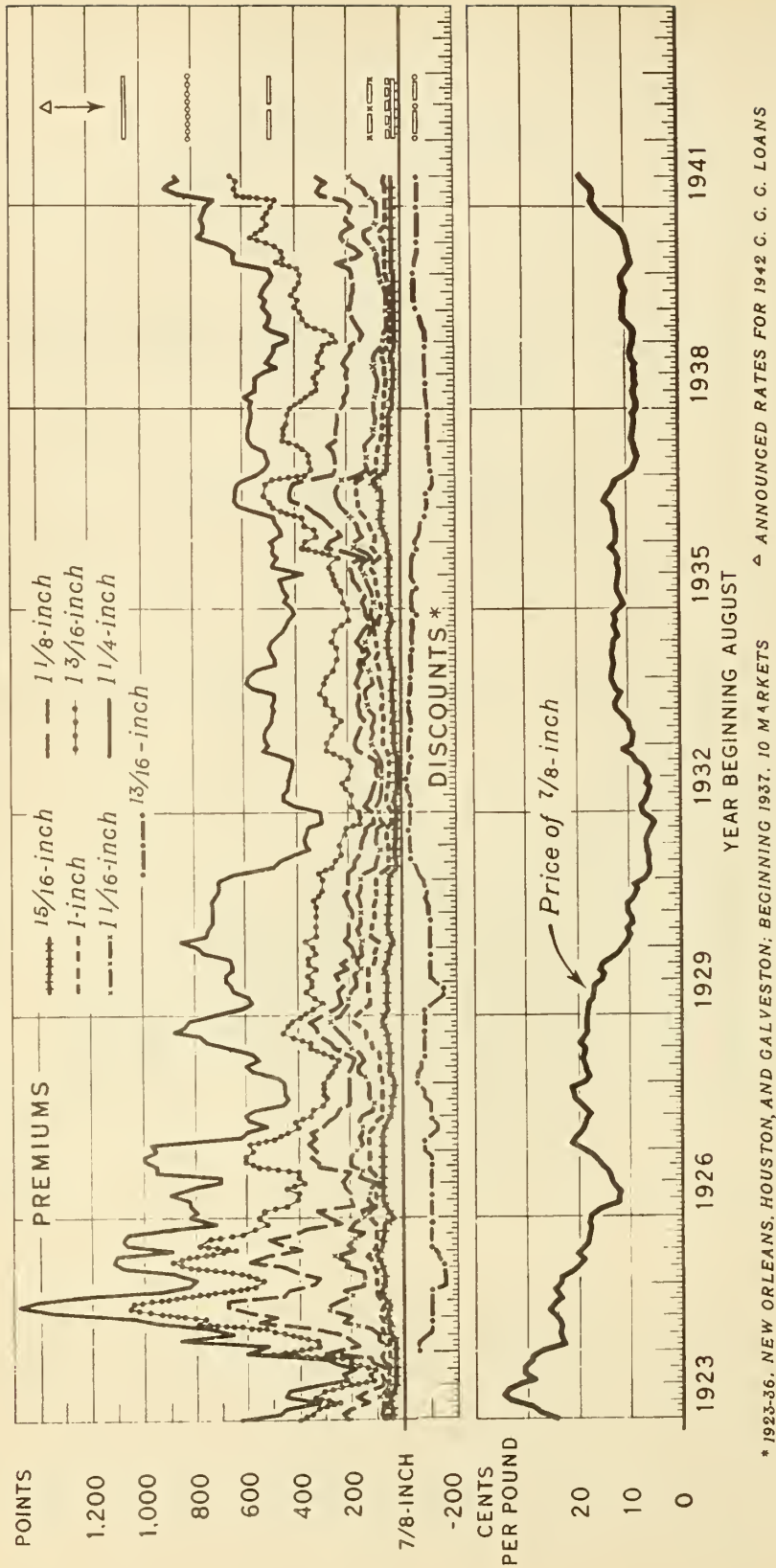
COTTON: DISCOUNTS FOR 13/16-INCH, AND SUPPLY, AND DISAPPEARANCE OF 29/32-INCH AND SHORTER, 1928-42



* APPLICABLE TO MIDDLING, 1928-36, NEW ORLEANS, HOUSTON, AND GALVESTON; BEGINNING 1937, 10 MARKETS
 Δ ANNOUNCED RATES FOR 1942 C. G. C. LOANS † PRELIMINARY INDICATION

FIGURE 1.-- DESPITE THE RECORD HIGH LEVEL OF DOMESTIC CONSUMPTION, TOTAL DOMESTIC DISAPPEARANCE (INCLUDING EXPORTS) OF AMERICAN COTTON 29/32-INCH AND SHORTER IS EXPECTED (ON THE BASIS OF PRELIMINARY INDICATIONS) TO BE EVEN SMALLER THIS SEASON THAN IN 1940-41. LARGELY BECAUSE OF THE SMALL VOLUME OF EXPORTS THE 1940-41 SEASON'S DISAPPEARANCE OF SUCH COTTON WAS THE SMALLEST IN MANY YEARS. CURRENT DISCOUNTS FOR 13/16-INCH AND THOSE ANNOUNCED UNDER THE 1942 GOVERNMENT LOAN PROGRAM ARE NOT FAR FROM THE AVERAGE FOR THE PAST SEVERAL YEARS.

COTTON, MIDDLING: PREMIUMS AND DISCOUNTS FOR STAPLES LONGER AND SHORTER THAN 7/8-INCH, MEMPHIS, 1923-41



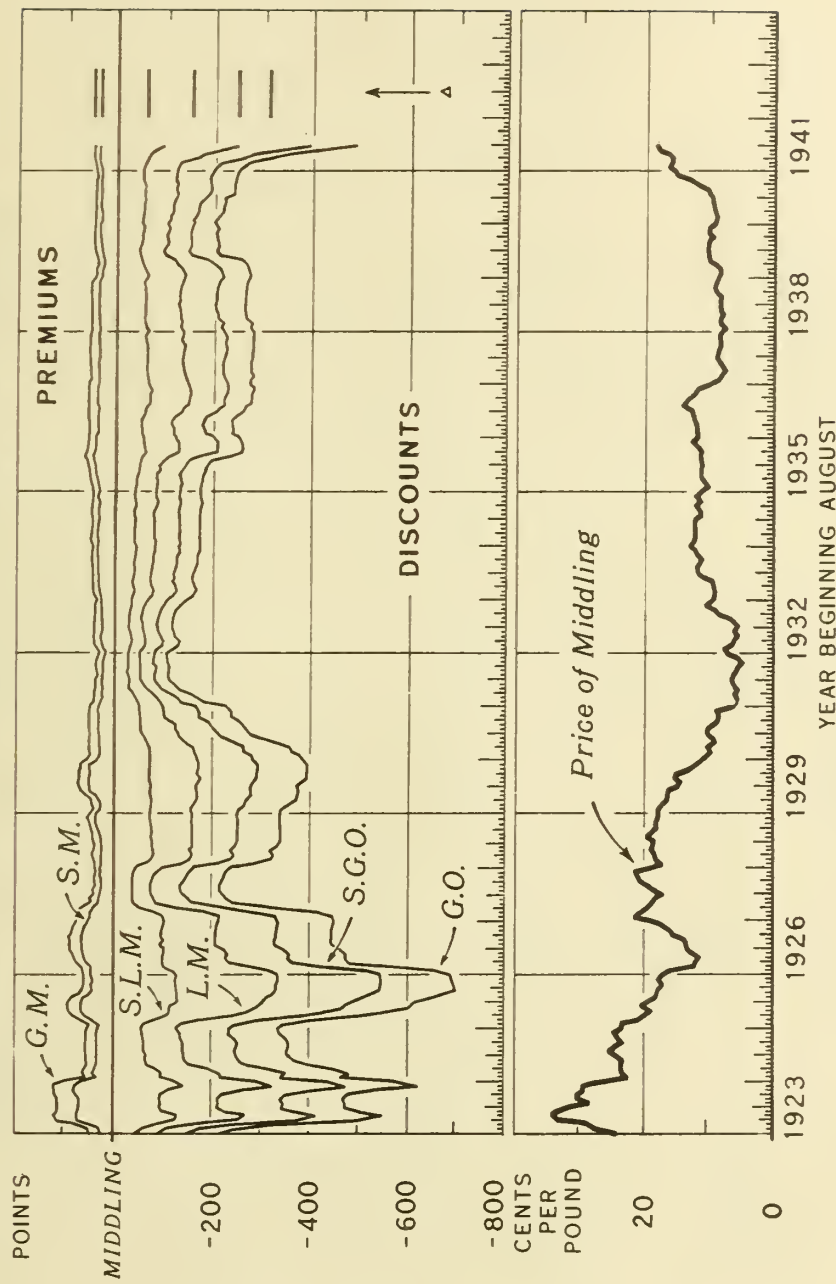
U S DEPARTMENT OF AGRICULTURE

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FIGURE 2.-- UNDER THE STIMULUS OF EXCEPTIONALLY LARGE REQUIREMENTS FOR LONG STAPLE COTTON AND WITH COTTON PRICES MATERIALLY HIGHER THAN IN MOST RECENT YEARS, THE PREMIUMS FOR MOST OF THE LONGER STAPLES HAVE ADVANCED TO 15 TO 16 YEARS HIGHS. THE DEMAND HAS BEEN PARTICULARLY STRONG FOR THE BETTER GRADES. PREMIUMS ANNOUNCED UNDER 1942 COMMODITY CREDIT CORPORATION LOAN PROGRAM ARE MUCH HIGHER THAN THE UNUSUALLY HIGH PREMIUMS RECENTLY PREVAILING.

COTTON, 7/8-INCH: PREMIUMS AND DISCOUNTS FOR GRADES ABOVE AND BELOW MIDDLING, 10 MARKETS, 1923-41



▲ ANNOUNCED RATES FOR 1942 G. G. LOANS

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FIGURE 3.-- LARGELY BECAUSE OF THE HIGHER LEVEL OF COTTON PRICES, THE RELATIVELY LARGE PROPORTION OF THE LOWER GRADES IN THE CURRENT SEASON'S SUPPLY AND THE MARKED INCREASE IN THE CONSUMPTION OF THE BETTER GRADES, THE DISCOUNTS (BASIS 7/8-INCH STAPLE) FOR GRADES BELOW MIDDLING HAVE INCREASED MATERIALLY IN RECENT MONTHS. DISCOUNTS ARE NOW CONSIDERABLY LARGER THAN FOR ABOUT 15 YEARS AND MUCH LARGER THAN THE DISCOUNTS ANNOUNCED UNDER THE 1942 LOAN PROGRAM.

CONTINUED BY EXCHANGE

1942 APR 4 AM 11 24

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